

NIO/W
25 March 1987

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Famine and Mounting Soviet Pressure

Last year's unprecedented number of Soviet/Afghan bombing and airspace violations of Pakistan are growing, with attacks that are both deeper and more deadly. Violations of Pakistani territory are likely to increase over the next several months. Meanwhile, growing food shortages will affect the Afghan resistance and result in a new influx of refugees into Pakistan at a time when they are becoming an increasingly sensitive domestic issue. Violence is spreading in Pakistani cities along the border with Afghanistan, where citizens are protesting the presence of refugees. These demonstrations are certain to increase and--fueled by the continuing Soviet/Afghan subversion campaign--will cause increasing domestic unrest in Pakistan.

EGYPT: Prospects for Instability

In the face of acute economic deterioration and increasing activity by religious activists, President Mubarak will be hard pressed to maintain control. A sweeping restructuring of the economy is needed, but implementation would be certain to provoke extensive protests and labor strife that will threaten Mubarak's tenure in office.

INDIA/CHINA: Border Dispute

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Indian forces also are preparing for skirmishes soon. Although any military clashes might have sizeable political impact, border skirmishes are unlikely to be militarily significant in themselves.

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INDIA/PAKISTAN: Continued Uncertainty

India's continued aggressive posturing of military forces against both Pakistan and China--and New Delhi's proposal to raise its defense budget by 43 percent--will keep bilateral tensions high. Furthermore, the possible confluence of Gandhi's proclivities for spontaneous decisionmaking and the apparently greater influence on him from aggressive-minded by military leaders bodes ill for the future.

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INDIA/PAKISTAN/US: Nuclear Weapons and Leverage

Pakistan faces an increased level of threat from India, explicit warnings from Moscow on its nuclear weapons program, and the demands of supporting the Afghan resistance, factors that mean Islamabad will almost certainly not vary from its pursuit of nuclear weapons as soon as possible. Pakistan may achieve, at least clandestinely, a nuclear weapons capability this year; indeed [redacted]

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[redacted] NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent within a year because India, like Pakistan, has the technical capability to manufacture and detonate nuclear devices within a short time of a decision to do so.

IRAN/IRAQ/GULF ARAB STATES: Spillover of the War

The war at sea has reached a new level of seriousness. Tehran's recent successful testing of a Chinese antiship cruise missile system [redacted]

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[redacted] indicates it can be deployed at any time. Because of the size of the warhead, it represents a greater threat to shipping than other Iranian missiles. Due to the large volume of ships transiting the Strait and errors in target acquisition and discrimination, the risk of an Iranian attack on even an American or Soviet combatant on escort duty will rise sharply. Iranian attacks on shipping--reportedly including a Saudi supertanker last week--are already increasing pressure on the Gulf states to lessen their support for Iraq. New, more urgent, requests for US military assistance--particularly for naval protection--seem certain.

IRAN/IRAQ: Internal Developments

Political stakes in the war are high. The potential for sudden collapse of either government is out of proportion to actual or likely military results. Rising casualties and Iranian advances into Iraqi territory are increasing military and civilian opposition to Husayn. In Iran, differences over conduct of the war have sparked substantial, and still unresolved, infighting, and recent Iranian gains appear to have strengthened the hand of those who favor more aggressive prosecution of the war. Khomeini seems to have lost control of the power struggle among his successors, and his death could trigger chaos.

KURDS/TURKEY/IRAQ/IRAN: Kurds Weighing In

Continued Iranian support and manipulation of the Kurds--coupled with increasing insurgent activity in the Kirkuk oil region--are likely to draw Turkey closer to the conflict in the region. In fact, Kurdish attacks originating from Iraq against a Turkish village prompted Ankara to launch large airstrikes against Kurdish insurgents in Iraq. Turkish warnings to Iran concerning Tehran's meddling in the Kurdish problem are serious and have the potential for worsening Turkish-Iranian relations.

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QATAR/BAHRAIN: Tensions Flare Again

Disagreements between Qatar and Bahrain over their disputed territory are fueling tension which--if mediation fails--may lead to a military clash.

SYRIA: Internal Struggle

Assad is facing new pressures in Lebanon and continued opposition from senior military officers. As the already bad economic situation deteriorates further--in tandem with Assad's declining health which could leave him incapacitated--the chances of a sudden change of government grow.

TUNISIA: Rapidly Increasing Instability

Tensions from the downwardly spiraling economy will most likely fuel discontent and could destabilize the country during the succession crisis when it comes. Qadhafi almost certainly poses a threat to a post-Bourguiba Tunisia. Even Algeria is casting covetous eyes on Tunisia.

WESTERN EUROPE

BERLIN/USSR/EAST GERMANY: New Berlin Ploy

The Soviets and East Germans may be preparing new challenges to the West's rights and responsibilities in Berlin. East Germany's recent invitation to the Stockholm CDE participants to attend a military briefing at the Ministry of Defense in East Berlin would be a deliberate violation of the demilitarized status of Berlin. This may be the start of another campaign to erode Western rights to the city and to divide West Germany from the three Western powers on sensitive Berlin issues.

GREECE/TURKEY: Confrontation

Greek intransigence on Aegean issues continues. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint that could trigger confrontation through miscalculation and escalation.

MALTA/LIBYA: Libyan Efforts to Buy the Election

Political tensions will rise sharply as the country faces a close and bitterly fought election contest which must be held by May between the pro-West Nationalist Party and the ruling pro-Libyan Labor Party. In a clean election, the pro-Western party looks likely to win, but Labor's control of the electoral machinery and willingness to cheat indicates it will narrowly win the election.

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EAST ASIA

PHILIPPINES: Business As Usual

Last month's constitutional plebiscite reaffirmed Aquino's popular support, but the need for major economic and political reforms is more urgent than ever. Communist terrorist activities will grow, causing additional civil/military tensions within the government and create an even more volatile environment for provocations and power plays by both ends of the spectrum. Further attempts to discredit Aquino, and new coup plotting, are possible as May's scheduled National Assembly elections approach.

SOUTH KOREA: Stacking the Deck

President Chun is accelerating his efforts to push through the National Assembly his plan to establish a parliamentary system that will allow him to retain political control after he steps down in 1988. These tactics could precipitate widespread disorder which will give President Chun an excuse to invoke martial law. Should key military leaders view Chun as losing control they probably would move to overthrow him, [REDACTED]

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[REDACTED] Any breakdown in public order will encourage North Korea to consider mounting destabilization tactics and foment anti-government riots and sabotage.

LATIN AMERICA

CHILE: Intransigence

The new legislation legalizing moderate opposition political parties is quite restrictive, and Pinochet remains as determined as ever to avoid concrete steps toward political liberalization and to maneuver to remain in power past 1989. In the wake of new revelations in the Letelier case and the US veto of World Bank funding, Pinochet's actions may precipitate a new crisis of confidence over his leadership within the armed forces and fuel momentum for decisive change before 1989.

ECUADOR: Tenuous Tenure

With Ecuador's oil exports suspended for at least six months due to the recent devastating earthquake, President Febres-Cordero's tenure in office has become more precarious than ever. He faces mounting demonstrations against government austerity measures as well as intensified political polarization and unresolved splits within the military that keep him on the defensive and dependent on the Army. The US Vice President's upcoming visit is likely to trigger greater displays of anti-Americanism, which already have been growing this year.

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HAITI: Storm Warning

Over a year after the departure of Duvalier, Haiti is experiencing more intense anti-government protests and violence that could lead to the disintegration of the Namphy government in the next few months. Unemployment over 50 percent and small, but mounting, anti-Americanism may encourage discontent that could result in a military coup. New strains with the US over revelations of Haitian military involvement in narcotics trafficking are likely, and opportunities for foreign exploitation will increase.

JAMAICA: Hard Times Aid Manley

Political tensions are likely to remain high, and economic woes are deepening. Manley's chances of winning national elections this year remains high.

MEXICO: Political Crisis

New electoral laws are largely cosmetic and do not adequately address the problems of electoral fraud. Acute economic problems, austerity measures and corruption will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

NICARAGUA/HONDURAS: Continuation of Hostilities

Nicaragua continues to maintain a limited presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. Honduras is likely to seek concessions and further reassurances of support from the US, as Managua steps up activities aimed at embarrassing Tegucigalpa. NIO/Warning notes that the potential for Sandinista forces to fire on US military personnel in Honduras continues.

SURINAME: Quagmire

Although a military stalemate between the 200-person rebel force and government forces continues, civil and economic disorder is making governmental collapse more likely. Bouterse is increasingly under seige, as indirect French support for Brunswijk's forces grows and other foreign pressures mount for his abdication. Greater Libyan involvement may result.

SUB-SAHARA AFRICAANGOLA: Prospects for Clash with South Africa Continue

The risk of direct South African-Soviet/Cuban clashes continues as the Angolan government contests ground in UNITA-controlled territory.

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NIGER/LIBYA: Libyan Activities

Libya seeks to take advantage of Niger's inability to control its northern border area to assert a questionable territorial claim over the longer term, and ultimately Qadhafi would like to topple President Kountche. Kountche's recent health problems have highlighted the problem of succession. Increased Libyan meddling and subversion--probably using Libyan-trained Nigerien surrogates--can be expected as Qadhafi escalates activities in Africa, and as uncertainty over the succession takes hold.

SOUTH AFRICA/FRONTLINE STATES: Confrontation

As May's parliamentary elections approach, the South African government's belligerent actions, unprecedented media restraints and massive extraconstitutional effort to suppress dissent--apparently including an assassination program targeted at internal opposition groups--will intensify. In ruling by emergency decree and stifling legitimate dissent, the government has acknowledged its authority can be perpetuated only by force. As the government continues its present policies, domestic polarization will be exacerbated, and the influence of moderate blacks and whites who seek compromise weakened. Externally Pretoria's increasingly coercive measures against the Frontline States afford greater opportunities for both the West and the East to capitalize on their heightened sense of vulnerability. The Soviet Union appears to be exploiting the situation, especially with Zimbabwe to make inroads into the region.

SUDAN/LIBYA/ETHIOPIA: Precarious Tenure

The Sadiq government remains in danger of collapse. New coup plotting to topple Sadiq is certain. Additional Ethiopian air incursions into Sudan, and continued support to Sudanese insurgents coupled with reductions in US aid, may lead to increased Libyan influence over the Sadiq government.

SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

Through much of Eastern Europe dissent is increasing. To various degrees the present governments are under new pressures:

- Growing political and economic problems are making it increasingly difficult for secretary Kadar to maintain effective Party leadership in Hungary. He could resign any time this year for "health reasons" in an attempt to facilitate governmental and economic reform. Widespread discontent among the populace will certainly mount if reforms are not initiated and if living standards continue to decline.

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- Polish blue collar workers, farmers and retirees will soon join the ranks of the students and others opposed to the government should price increases and wage freezes plus a possible currency devaluation go into effect. This combination of issues and political forces produced the Solidarity movement in the early 1980's. At a minimum the political temperature of the nation is likely to rise and may be reflected in mounting civil disorder in major cities.
- Pressures seem greatest in Romania where the continuing debt and liquidity crises have caused economic prospects and the quality of life to become more dismal as fuel, commodities, electricity, medical care and basic foodstuffs become extremely scarce. Industrial production for 1987 is not likely to improve, even with the introduction of a seven-day work week. Incidents of worker unrest is likely to continue. More importantly, as conditions worsen the Soviets will be in a position to exert even more pressure than before.
- In Yugoslavia, if Belgrade implements its plan for stringent austerity measures this year to combat raging inflation--now over 100 percent a year--a serious political upheaval could erupt that would threaten the federal Executive Council's authority and trigger open defiance from public authorities. A successful renegotiation of Yugoslavia's \$19 billion debt with the IMF and Western bankers will help Belgrade muddle through this difficult year, but will not reduce the debilitating political and ethnic rivalries that have gradually undermined the political order since Tito's death six years ago.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earning from oil this year at a time of increasing need for imports for modernization. Moscow increasingly will rely on Western credit markets; squeeze oil supplied to Eastern Europe to try to barter it on the international market; sell more gold; and try to promote new exports--arms, vehicles, metals, and shipping services--at bargain prices to gain needed hard currency.

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